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Reducing Poverty through Improved Infrastructure

MCA-Vanuatu Steering Committee Meeting No. 09090909 Minutes

Type of Meeting: Special Steering Committee Meeting

3pm 9th September 2009

MCA Vanuatu Conference Room

Board Members:

Present:

Chairman, DG PMO, Simeon Athy
DG, MIPU, Wilson Tari Vuti
Director, PWD, Allan Faerua
Representative, Director of Finance, Primrose Toro

Representatives

MCC Deputy Country Resident Director, Chris Cookson
MCC-Washington Program Officer, Kristin Dreiling
NZAID Representative, John Claasen,

MCA Vanuatu Program Management:

MCA-V Program Director, Johnson Wabaiat,
Project Manager/Advisor, Hans Euscher,
Environment & Social Impact Officer, Catherine Malosu,
Economist, Tony Sewen,
Administrative Personnel, Marie Jo Bani,

Apology:

Director, DSPP, Gregoire Nimbtik
DG, Lands, Russel Nari

Quorum present? Yes

Meeting was quorated.

PROCEEDINGS:

The meeting was called to order at 2.00pm by the Chairman, Director General of the Prime Minister's Office.

Welcome by Chairman:

SC chairman welcomed all members and representatives present at the meeting and outlined the Agenda Items for discussions as detailed below.

AGENDA ITEM

- 1. Project Manager Program Update**
- 2. Engineers Support to ESU**
- 3. MCA Staffing Complement**
- 4. AOB**
 - a) Recent F&C incident**
 - b) Disbursement Request Response**
 - c) MCA-Vanuatu presentation, Business Forum**
- 5. Next SC Meeting 12th November 2009**

Discussions:

The agenda items for the meeting was presented and discussed with an agreement that the first item of the Agenda be deferred to the next meeting and that the agenda item 3 be amended as first item for discussion and the rest to follow.

Recommendations:

Sc approved the Agenda Items for discussion as amended.

1. Project Manager Program Update (3)

MCA-V Project Manager presented a progress update on the constructions works for both project, Efate Ring Road and Santo East Coast Road to SC by firstly confirming that the Lump Sum cost for the Design and Build contract was reached with principle agreement between MCA-V and Contractor and it will require SC decision to finalize the process. Other matters relating to the Projects update included:

- Last quarter Downer EDI Works mobilization with subcontractor Flame Tree to Santo for construction works on Section A to commence as planed despite bad weather construction is ahead of schedule at 12%
- ERR construction works on schedule with some experiences of nonconformance on sealed section causing reduction to contractor's interim certificate.
- Expenditure figures till end of September 09 showed a total of USD 36,269,049.22 having been certified by Engineer. The figures included repayment of advances giving contractor's price savings of USD 1,607,633.45 due to foreign exchange rate fluctuations.
- ESRS training combined with September monthly meeting with good attendance rate and positive outcomes.

- Final Design for all section of ERR and SECR completed by contractor and submitted together with steep sections on ERR (Klems Hill and Lelepa Landing).
- Road works on clearing and grubbing including earth works completed 40km for ERR and 8km for SECR.
- Bitumen Sealing has reached 28.5km for ERR and the revised program from contractor indicated that ERR completion date is set for September 2010.
- SECR revised program is also set to complete in early September 2010

Concerns:

- Contractor performance is in line with the requirements for completion as scheduled but the quality and environmental control will be closely monitored. Non-conformance notices served to contractor to rectify works not constructed to the Employer's requirements
- Request for Access processes not being done within the required period of 21 days period by Employer and thus caused serious delays which could result in contractual obligations. It was envisaged that since all designs were finalised a supplementary RAP is necessary to avoid any future breaches of contract and early commencement of RERAP will be an advantage for Efate and on to Santo.

Additional Works

The Multi-year contribution agreement signed on 10th June 2009, provides for the New Zealand Agency for International Dev (NZ AID) to provide a total contribution of NZ\$14 million to the Government of the Republic of Vanuatu to supplement the Millenium Challenge Account Transport and Infrastructure Project, on terms that the Government of Vanuatu will apply the total contribution solely for the purpose of the two projects being implemented.

Lump Sum Calculations

The LSC presented in July report, showed that the Contractor and MCA-V reached substantial agreement on several sections forming part of the proposed Lump Sum for the project. Since then progress has continued to be made till end of September when final agreement was reached on the lump sums for all sections of both projects.

Detailed Contracted works:

The Summary for proposed lump sum shown in the following presentation:

Design:	\$ 2,955,087.74
Site Establishment:	\$22,867,719.54
Efate & Santo Constructions:	\$31,014,508.01
Additional works (Santo):	\$ 8,033,954.88
Gives a total Works of	\$64,871,270.17
Less Foreign Exchange	\$ 2,204,813.56
So Net Lump Sum is equal to	<u>\$62,666,456.61</u>

MCA-V is quite confident that the total construction costs can be met from the total funds available for the Design and Construction Phase of the project given that funding assistance from MCC\$ 56,324,790.93 and NZAID 8,690,000.00 it now leaves a contingency estimate of \$2,348,334.32 to cover costs for royalty payments of road materials (agricate), further improvements designs to address safety aspects of the roads, additional staff for QCPP and provision of salaries for key personnel during the Compact Closure Period.

Klehm's hill pavement

Klehm's Hill and Lelepa Landing showed gradients of 20% and above and are considered too for granular pavement with spray seal surface, as is being constructed elsewhere along the road. The revised agreed LS also included improvements with provision for these locations to have concrete pavements constructed. Options discussed with Downer EDI indicated possibilities of using asphaltic concrete but the costs are still under consideration. The option was still under consideration due to high cost of establishing an asphalt concrete plant in Efate and further investigation is required by Downer EDI Works for other possibilities.

Provision for Compact Closure

SC was informed that MCA-V has taken into consideration the MCC requirements for Compact Closure which requires that all road works are completed prior to 28th April 2011 and with the allowance of 120days the entire Compact will be closed by 28th August 2011. The Contractor's proposed completion dates provided confidence to MCA-V for the program to be successfully completed on time except for later stages of construction completion where there could be possibilities of Force Majeure situations occurring during the Defects Notification Period.

Recommendation:

SC considered and approved that:

- The agreed LS for the ERR and SECR as negotiated and agreed by MCA-V and Downer EDI be USD **62,666,456.61** .
- The variation for the additional works be submitted to MCC for No Objection
- Completion of required modification to the Contract Agreement is prepared by the Procurement Agent and MCA-V to finalise the process.

2. Engineers Support to ESU

SC was presented with a review report conducted by QCPP on the capacity of the Unit and the report indicated a need for continued external assistance through supervision of an experienced Works supervisor for Santo and an immediate replacement of an Engineer on Efate to assist current ESU team.

SC was also briefed on FIDIC requirements as necessary to meet the standards as defined in the general contract that:

1. The Engineer must act for the employer assuring that the works must be completed within the employers' requirements
2. The engineer access an independent certifier.

Recommendations:

SC considered and approved that:

- The recommendations for Harry Wagorn are accepted as replacement civil engineer for Richard Von Senger as presented by PA.
- QCPP continued with current arrangements to provide supportive assistance to ESU as envisaged and to provide additional resources of Site Supervisor on Santo Project.
- MCA-V to seek MCC No Objections for the arrangement.
- The 3rd progress report on MCA-V Program be prepared and presented to the Development Committee of Officials and Council of Ministers as information paper.

3. MCA Staffing Complement

1. ESI 2nd Officer –

SC was briefed on the current MCA-V work load and the need to fill in additional key positions of which 2nd ESI Officer is very demanding. The position is critical to address guidelines. As the TOR and position description were presented and approved by SC, MCA-V then presented the report on the advertisement and selection process administered for SC consideration and decision.

Selection outcome was presented with possible options for the recommended candidate to be seconded from Public Service Commission as discussions were held and further followup to realise the process was shared by MCA-V and PSC.

Recommendations:

SC considered and approved the selection panel recommendations for Jason Raubani to the position of 2nd ESI officer with MCA-V.

4. Program Officer

The position was earlier endorsed by the SC as an essential position during earlier stages of program implementation, and that the advertisement and selection process was conducted by the selection panel, however, further clearance is required before final appointment is made.

Recommendations:

SC approved the panel recommendations for Moses Tarip to the position of Program Officer subject to further clearance.

5. Fiscal Agent

SC was informed that the vacancies for Fiscal Agent have been advertised and the panel has made recommendations for the positions to be filled and the selection report will be forwarded to MCC for No Objections.

Recommendations:

SC noted and approved the progress report as endorsed recommended by the Panel for MCA-V to forward to MCC for No Objections

6. Administration Personnel & Support Staff

The position was earlier endorsed by the SC for immediate appointment on an interim basis to the vacant position and to be followed through proper advertisement and selection processes. SC then considered the panels report and the selection recommendations as appropriate.

Recommendations:

SC considered and approved the panel recommendations for Marie-Jo Bani take up the position of Administration Personnel

That all officers appointed to the three contracted positions be reviewed for a probation period of 3 months and performance to be reassessed for permanent employment.

The meeting was adjourned at 4.30pm with other matter to be referred to the next meeting.

Certified by: _____/S/_____
Secretary, MCA-Vanuatu

Acknowledged by: _____/S/_____
Chair of the Steering Committee